

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

December 20, 2017

MOTOR CARRIER MATTER

☐

DOCKET NO.

2014-346-WS

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

[DOCKET NO. 2014-346-WS](#) - Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for Water and Sewer Rates, Terms and Conditions - Staff Presents for Commission Consideration the Disposition of the Company's Application.

COMMISSION ACTION:

Move that we adopt the adjustments proposed by the Office of Regulatory Staff, with certain exceptions and explanations that I will discuss later in this Motion. I move that we adopt a rate of return on equity of 9.31%, as ORS proposed, along with ORS adjustments including, but not limited to, property taxes and the allowance of the elevated storage tank in rate base. I would move for approval of the original as adjusted bad debt expense proposed by ORS of \$105,384. With regard to the rate case expenses, I move for adoption of \$272,382, amortized over 3 years. I would note that we would therefore approve the ORS exclusion of \$542,978 in rate case expenses corresponding to Guastella Associates invoices. However, I would also move that we allow the Company to request approval of these expenses in its next rate case, if it can provide supporting information for its invoices as outlined by the criteria listed by ORS testimony presented at the hearing.

Further move that we adopt the Company's proposed management fee amount of \$171,365, versus the ORS suggested amount of \$132,211. In this case, calculation of the Company's amount is based directly on the management agreement. ORS states only that it does not believe that an increase in a prior allowance is feasible, because of ORS's belief that Guastella Associates performed no more duties than in prior cases.

In addition, changes must be made to a number of items --including cash working capital -- as fallout adjustments under my motion; however, I move that all remaining ORS adjustments not mentioned above be adopted. I would state that these adjustments allow the Company 80.37% of its original request, or approximately \$950,166 in additional revenues. Mr. Chairman, I would also move that our Order state that, although we are adopting the ORS recommended rate base in this filing, this will not preclude parties from proposing a different rate base in future rate proceedings. The determination of rate base for this case is largely driven by the Applicant's need for an expedited evaluation of its case on remand, and the fact that the burden was on intervenors to present a defensible alternative rate base proposal. While we do not believe that burden was met in this case, we do not preclude parties from proposing a different rate base in future rate proceedings. I also move that we require in the Order that the Company use the NARUC System of Accounts.

Further Mr. Chairman, I would request this Commission issue a full written Order at a subsequent time, explaining all adjustments and rate matters, and that the Company design and file rates that produce the revenue increase granted in this Commission's Order. The

Company should also file a schedule with the Commission demonstrating that the rate design produces the revenue granted in the Order. These documents should be shared with the other parties in this case, who should verify that said rates are consistent with the provisions of this Order.

Finally, I move that the Company issue refunds, pursuant to S.C. Code Ann. Section 58-5-240, consisting of the difference between the amount allowed by this Order and the full amount originally requested by the Company, along with 12% interest. These amounts must be calculated from the date that the Company placed its originally requested rates into effect under bond.

PRESIDING: Whitfield

SESSION: Regular

TIME: 2:00 p.m.

| | MOTION | YES | NO | OTHER |
|-----------|--------------------------|-------------------------------------|-------------------------------------|-------|
| BOCKMAN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| ELAM | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| FLEMING | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| HAMILTON | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| HOWARD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| RANDALL | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| WHITFIELD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

(SEAL)

RECORDED BY: J. Schmieding

